FISCAL NOTE

SB 3719 - HB 3793

March 17, 2006

SUMMARY OF BILL: Exempts farm grade diesel fuel purchased by county, municipal, or volunteer fire departments, for use in vehicles that are used for fighting fires, from diesel tax.

ESTIMATED FISCAL IMPACT:

Decrease State Revenues – Less than $24,800/Highway Fund
Less than $1,000/General Fund

Decrease Local Govt. Revenues – Less than $15,200
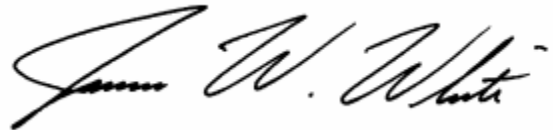
Assumptions:

- "Farm grade diesel fuel" is taxable at the diesel fuel tax rate of $0.17 per gallon.
- The majority of fire departments, especially ones located in urban areas, have government agency permits allowing for diesel tax exemptions.
- There may be a few smaller fire departments located in rural areas that do not have or qualify for government agency permits.
- Enactment of this bill would exempt any fire department from the diesel tax for purchases of diesel fuel.
- According to the Department of Revenue, the department refunds diesel tax on approximately 400,000 gallons of fuel each month (4.8 million gallons per year) to the various fire departments.
- Diesel tax exemptions are estimated to increase approximately 5% as a result of this bill.
- An additional 240,000 gallons of diesel fuel purchased by fire departments are estimated to become eligible for diesel tax exemptions (4.8 million gallons X 5% increase = 240,000 gallons).
- The decrease to diesel tax revenue is estimated to be less than $41,000 (240,000 X $0.17 = $40,800).

- Diesel fuel tax is apportioned 62.87% to state (1.62% to the General Fund, 61.25% to the Highway Fund), and 37.13% to local governments.

- The decrease to state revenues is estimated to be less than $25,800 ($41,000 X 62.87% = $25,800).

- The decrease to local government revenues is estimated to be less than $15,200 ($41,000 X 37.13% = $15,200).

- This act shall take effect on July 1, 2006.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

James W. White, Executive Director